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FM AMEMBASSY BEIJING  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6783  
RUCPDO/DEPT OF COMMERCE WASHDC IMMEDIATE  
RUEATRS/DEPT OF TREASURY WASHINGTON DC IMMEDIATE  
RUEHOO/CHINA POSTS COLLECTIVE IMMEDIATE

UNCLAS SECTION 01 OF 03 BEIJING 003090

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E.O. 12958: N/A  
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SUBJECT: U/S HORMATS MEETS VICE FOREIGN MINISTER  
WANG GUANGYA

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and for official use only. Not for transmission  
outside USG channels.

1. (SBU) SUMMARY. Executive Vice Foreign Minister Wang Guangya told Under Secretary Hormats during their November 9 meeting that the United States and China could make climate change a "highlight" of the bilateral relationship, beginning with the President's visit to Beijing early next week. He said China never has and never will have the intention to exclude the United States from any Asia-Pacific grouping. Wang and Hormats also discussed bilateral and multilateral trade issues, S&ED II preparation and G20 commitments. END SUMMARY

CLIMATE CHANGE: HIGHLIGHT OF BILATERAL RELATIONSHIP?

2. (SBU) U/S Hormats began with an explanation of the importance the President placed on the issue of climate change. China's efforts to reduce emissions and dependence on oil imports would benefit the world, and real progress on technical cooperation between the United States and China was possible. Wang responded that because both the United States and China are major energy producers and consumers, they both must take seriously efforts to increase energy efficiency and reduce use. He noted increased cooperation would serve both countries, particularly with Copenhagen looming, and that good communication and joint efforts on energy technology could become a highlight of the U.S.-China relationship.

3. (SBU) U/S Hormats emphasized the need to internationalize these commitments and make countries accountable for their Copenhagen commitments. Monitoring would help ensure greater transparency and encourage individual countries to adhere to their agreed-upon actions. He recognized the need for credibility on the part of the United States, China, and other major players to ensure that all nations abide by their commitments.

4. (SBU) U/S Hormats stated that China should take a more proactive role in energy transparency. He mentioned reports that China had ceased reporting crude oil and refined products monthly inventory data, which is counterproductive to efficiency and China's own interests. He urged Wang to resume publishing that information and to begin work on reducing energy subsidies, which could in turn reduce hydrocarbon emissions. Wang noted that he would pass on the message.

## POTUS VISIT LOOMING

15. (SBU) Wang said China attached great importance to the President's first visit to China, and outlined three priorities going into the last week before the visit:

--The joint statement should send a positive message to the world that the United States and China are working together to meet global challenges.

-- Outstanding issues to be negotiated included China's core concerns. China understood and sympathized with Washington's concern about terrorism and weapons proliferation. China's sovereignty and territorial integrity concerns (Xinjiang, Taiwan, Tibet) affect the feelings of the Chinese population. He hoped the United States would understand and respect these concerns.

--Visit details including protocol, security, and media coverage still needed to be resolved.

REGIONAL ARCHITECTURE: UNITED STATES WILL BE INCLUDED

17. (SBU) On regional architecture and U.S. involvement in the region, Wang said he believed the Asia-Pacific region could not develop without the United States, and that China never has and never will have the intention to exclude the United States

BEIJING 00003090 002 OF 003

from any Asia-Pacific forum. He noted that China attaches great importance to APEC, and that APEC still has a major role to play in trade liberalization despite the many changes in the global economic situation since its founding. He said that although China, Japan, and South Korea are tightening relations with ASEAN, China considers the United States to be a country with worldwide political, military, and economic influence.

TRADE REMEDIES ARE PROTECTIONIST

18. (SBU) Wang urged the State Department to firmly oppose "protectionist" measures. The United States must cooperate closely with China to exit from the financial crisis. The two countries needed to send strong positive signals to boost international confidence despite slowing bilateral trade. Although the United States has taken limited measures, Beijing believes these have been discriminatory, and tell the world that it is becoming more protectionist during the financial crisis. Chinese companies have been damaged in the process, and Beijing is feeling increased pressure to retaliate, despite reluctance to do so.

19. (SBU) U/S Hormats noted that U.S.-China cooperation on our respective stimulus plans has benefited the global economy, and said the United States is committed to continuing the stimulus as long as is necessary. He reassured Wang that the White House is committed to cutting the budget deficit when the economy has begun to recover but was not going to rush to remove the fiscal stimulus. He pointed out that the United States is still the most open major economy in the world, and that it is still very open to foreign trade and Chinese investment despite recent measures. He urged China to work collaboratively with the United States and other economies through the WTO and the Doha Round of WTO negotiations. Our two countries would always have some trade issues, and limited issues between

the United States and China should not be viewed as unusual. Wang replied that although some disagreements were inevitable, they should be solved via negotiations rather than punitive actions, which would only serve to escalate friction. U/S Hormats also agreed that we would prefer negotiation, but would exercise our rights if needed.

¶10. (SBU) Wang said that if the United States reduced restrictions on high-tech trade, economic relations with China could move toward a more balanced relationship. U/S Hormats replied that there may be areas where we could loosen restrictions because the products in question were readily available, and it might be worthwhile to review these opportunities, but there may be other areas where we should tighten up. He urged Chinese cooperation within APEC to reduce barriers on green technology.

S&ED AND G20

¶11. (SBU) U/S Hormats urged Wang to consider a plenary session at the S&ED II meetings in mid-2010, noting that former Secretary of State Kissinger and Zhou Enlai used similar methods 30 years ago to ensure all negotiating points were put in the appropriate context of the overarching bilateral relationship. The United States wants to work collaboratively with China within the G20 framework to ensure the group's success. He proposed that the United States and China incorporate regional economic topics of mutual concern into the S&ED's regional sub-dialogues.

¶12. (SBU) Wang did not respond to the S&ED II plenary suggestion. He said that China takes very seriously its leading role in the G20 and that China and the United States should increase cooperation given G20's importance in international economic affairs. He also acknowledged the U.S. request to add an economic component to the regional sub-dialogue framework. He told U/S Hormats that the MFA would be happy to brief their U.S. counterparts on Premier Wen's recent Africa trip, noting they

BEIJING 00003090 003 OF 003

"had nothing to hide."

¶13. (U) U/S Hormats cleared this message.

HUNTSMAN